



STATE OF CALIFORNIA

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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Annual Report to the California Legislature

on the Extra Credit Teacher Home Purchase Program

January 1, 2005 – December 31, 2005

Submitted to the Legislature on

March 28, 2006

March 28, 2006

Mr. Gregory Schmidt
Secretary of Senate
State Capitol, Room 3044
Sacramento, CA 95814

Mr. E. Dotson Wilson
Chief Clerk of the Assembly
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RE: Annual Report on the Extra Credit Teacher Home Purchase Program

Pursuant to provisions of Section 8869.84(g)(5) of the California Government Code, the California Debt Limit Allocation Committee ("the Committee") hereby submits its Annual Report of Activities on the Extra Credit Teacher Home Purchase Program ("the Extra Credit Program").

Providing the highest quality education for our state's children continues to be a high priority for Californians. At the same time, our state faces increasing challenges in attracting qualified and well-trained educators into the teaching profession and into schools where their skills are most needed. Recognizing these challenges, the Committee established the Extra Credit Program in 2000. Through the Extra Credit Program, the Committee sets aside a portion of its limited tax-exempt bond allocation to provide home-buying assistance to school staff who agree to serve in high priority schools.

In program year 2005, the Committee awarded \$110 million in allocation for the Extra Credit Program to the California Housing Finance Agency (CalHFA), which administers the program. The 2005 allocation will assist an estimated 434 teachers and other eligible program participants in purchasing a home.

From 2000 to 2005, the Committee earmarked over \$570 million of California's tax-exempt, private activity bond allocation for the Extra Credit Program. These allocations are expected to help over 2,134 qualified teachers and other credentialed school staff who commit to serve California schools where the need for qualified, prepared professionals is greatest.

Please contact Joanie Jones Kelly, Executive Director of the California Debt Limit Allocation Committee, at (916) 653-3255, for additional information.

Sincerely,

Phil Angelides
State Treasurer

I. INTRODUCTION

The Committee produces this report to the legislature on the results of the Extra Credit Teacher Home Purchase Program (“the Extra Credit Program”) annually. This year’s report will outline the history, function, and guidelines of the Extra Credit Program. The report will review the results of the Extra Credit Program for the 2005 program year, with an appendix summarizing past program years.

II. THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

The Federal government limits the amount of tax-exempt private activity bonds that each state may issue in a calendar year to an amount that is based on the state’s population multiplied by \$80. A state’s limit or volume cap is adjusted annually and is sometimes called the annual state ceiling. The California Debt Limit Allocation Committee (“the Committee”) was created to serve as the responsible body to annually set California’s volume cap and award tax-exempt private activity bond authority in a manner that achieves the highest public benefit.

The Committee is a three-member body comprised of the State Treasurer as Chair, the Governor and the State Controller. The Committee also has three non-voting advisory members comprised of the Director of the California Housing Finance Agency (CalHFA), the Director of the California Department of Housing and Community Development, and a representative of local government.

The Committee allocates the annual state ceiling among six major categories of tax-exempt bond programs (state ceiling pools):

- Qualified Residential Rental Project Program
- Single-Family Housing Program
- Extra Credit Teacher Home Purchase Program
- Exempt Facility Project Program
- Small-Issue Industrial Development Bond Project Program
- Student Loan Program

More information on the function and history of the Committee can be found on our website at www.treasurer.ca.gov/cdlac.

Over the years, certain public needs have emerged as priorities for funding by the Committee. Most of the state ceiling is reserved to the pools that promote access to homeownership for lower income families and individuals that develop new or rehabilitate existing governmental assisted rental housing. The Extra Credit Program has been a Committee priority since 2000. The Extra Credit Program is designed to assist teachers and other credentialed school staff who are willing to serve in high priority schools to purchase a home.

III. THE EXTRA CREDIT PROGRAM

Background

Attracting qualified teachers, administrators and other staff to high priority schools, which are often located in urban and poor school districts, is an acute problem in California. At Treasurer Angelides' urging, in January 2000 the Committee established the Extra Credit Program to assist California public school districts and county offices of education with recruiting and retaining staff in these high priority schools by providing homeownership opportunities.

The first reservation to the new Extra Credit Program pool was made in early 2000. The first program allocations to issuers were made at the end of that year. In 2002 CalHFA became the lead administrator for the program. As a result of CalHFA's entry into the Extra Credit Program, below market interest rate loans and homeownership assistance became available to eligible teachers and school staff on a statewide basis. As of December 31, 2005, CalHFA became the sole administrator of the Extra Credit Program.

Summaries of prior legislative reports (2000-2004) are attached as appendices to this report. Copies of complete prior year legislative reports are available on our website at www.treasurer.ca.gov/cdlac/extracredit/ or by contacting the Committee at (916) 653-3255.

Function

With an allocation of tax-exempt bonds, CalHFA issues tax-exempt mortgage revenue bonds (MRBs) to assist teachers, principals and other credentialed school staff purchase homes. The proceeds of MRBs provide below market interest rate mortgages. An example of how homeownership assistance translates into real numbers can be found below.

Mortgage Revenue Bond

For a family with a \$300,000, 30-year mortgage, at 4.875% (5.6852% APR*) fixed interest rate, the interest rate would be approximately 1.5% below market interest rates, which would result in savings of approximately \$102,000 over the life of the loan.

In addition, the program participants also receive at least \$7,500 in direct homeownership assistance. Homeownership assistance may be increased (currently up to \$15,000) in high cost areas. Assistance may be used for expenses such as down payment and closing costs.

Program Guidelines and Parameters

- Family incomes must be 115% or less of the county or statewide median income (whichever is higher) for a family of three or more and 100% or less for a family of one to two persons. Purchase price limits are set at 90% of the average area purchase price for existing and new homes (limits are set at 110% for homes located within IRS target areas). Participants must be first time homebuyers, or not have owned a home for three years prior to the purchase.
- Program participants must be fully credentialed or meet the definition of classified employee and employed full-time in a high priority school in the subject and grade level as authorized by his or her credential.
- All program participants must agree to serve for a minimum of three years in a high priority school.

* The APR is the Annual Percentage Rate which is the relative cost of credit as determined in accordance with Regulation Z under the Federal Truth in Lending Act. APRs may include typical finance charges, such as lender fees and mortgage insurance.

- For the purposes of this program, a high priority school means a California K-12 public school that 1) is ranked in the bottom 50% of all schools based upon the most recent Academic Performance Index, i.e. schools receiving an API Statewide ranking of 1, 2, 3, 4 or 5; or 2) does not have an API ranking but 70% or more of the school's pupil enrollment is eligible for free or reduced price meals. Priority is to be given to eligible teachers and eligible administrators working in high priority schools with API rankings 1, 2 and 3.

Program Reporting Requirements

Section 8869.84(g)(4) of the California Government Code requires the Committee to annually report to the Legislature the results of the Extra Credit Program, including the following information, all of which is presented in table form in the following pages:

- (1) The amount of state ceiling limits allocated to, or reserved for, the program (Table 1);
- (2) The agencies to which state ceiling limits were issued (Table 2);
- (3) The number of loans or mortgage credit certificates (MCCs) issued to teachers, principals, vice principals, and assistant principals (Table 3);
- (4) The schools at which recipients of assistance are employed, aggregated by decile in which the schools rank on the Academic Performance Index (API) and by the percentage of uncredentialed teachers employed at the schools (Tables 4 and 5).

IV. THE EXTRA CREDIT PROGRAM – 2005 ANNUAL REPORT

State Ceiling Allocated From Program Commencement

The Committee has allocated Extra Credit Program bond authority as follows:

TABLE 1

Extra Credit Program Allocations By Year

| Program Year | Amount |
|------------------------|----------------------|
| 2000 | \$63,280,554 |
| 2001 | \$99,932,283 |
| 2002 | \$98,000,000 |
| 2003 | \$100,000,000 |
| 2004 | \$100,000,000 |
| 2005 | \$110,000,000 |
| TOTAL ALLOCATED | \$571,212,837 |

Agencies That Received 2005 Extra Credit Program Allocation

In 2005, the Committee reserved \$110 million for the Extra Credit Program, which represents 3.8 percent of the 2005 State Ceiling on Tax-Exempt Private Activity Bonds. The Committee received one application requesting \$110 million in allocation from CalHFA. The Committee awarded allocation for the Extra Credit Program to CalHFA, a statewide issuer, which administers a Mortgage Revenue Bond (MRB) program. The 2005 allocation is estimated to assist approximately 434 teachers and other eligible program participants in purchasing a home while recruiting and retaining fully qualified teachers and administrators for high priority schools.

TABLE 2

| 2005 Committee Allocations | | | | |
|-----------------------------------|---------------------|----------------------|---|---|
| Jurisdiction | Program Type | Allocation | % of Total Extra Credit Allocation | Estimated # of Eligible School Staff |
| CalHFA (Statewide) | MRB | \$110,000,000 | 100% | 434 |
| TOTALS: | | \$110,000,000 | 100% | 434 |

Loans and MCCs Originated In 2005

The number of MCCs and MRB loans issued by jurisdiction is illustrated in Table 3 below. This table represents the results of the program for 2005, which includes the continued use of allocations available from 2000, 2001, 2002, 2003, and 2004. An award of bond authority is typically not fully used in the year the allocation was received. Assuming bond proceeds have not been fully expended in the first year, federal law limits the length of time that proceeds from an allocation may remain available for the program. An award of MCC authority lasts approximately two years and an award of MRB authority lasts 42 months.

From January 1, 2005 through December 31, 2005, the Extra Credit Program helped a total of 283 program participants. Local jurisdictions and CalHFA issued 280 below market interest rate loans and 3 mortgage credit certificates.

TABLE 3

| 2005 Mortgage Revenue Bond Loans and Mortgage Credit Certificates Issued by Jurisdiction | | | |
|---|------------|------------|--------------|
| ISSUER | MRB | MCC | TOTAL |
| California Housing Finance Agency | 280 | | |
| County of San Francisco | | 1 | |
| County of Sacramento | | 1 | |
| County of Santa Clara | | 1 | |
| TOTALS: | 280 | 3 | 283 |

Schools at which Program Participants are Employed

The schools where program participants are employed are listed in Table 4 below. This table also lists the API rankings and the percentage of all teachers who have emergency teaching credentials at those schools. For the purpose of this report, uncredentialed teachers are documented as teachers holding emergency credentials or permits. Teachers are employed in 255 different schools, 65 (26%) of which have an Academic Performance Index (API) ranking of 1; 60 (23%) of which have an API ranking of 2; 51(20%) of which have an API ranking of 3; 43 (17%) of which have an API ranking of 4; 29(11%) of which have an API ranking of 5; and 7 (3%) of which are county continuation and alternative schools. The percentage of emergency credentialed teachers in these schools ranges as high as 52% and as low as 0%. The average percentage of emergency credentialed teachers in participating schools is 7.18%.

TABLE 4

| Schools at which Program Participants are Employed For all MRB Loans and MCCs Originated in 2005 | | |
|---|------------------|---|
| SCHOOL | API SCORE | % EMERGENCY CREDENTIALLED TEACHERS |
| ALIANCA ELEMENTARY | 1 | 0 |
| ANAHEIM ELEMENTARY | 1 | 2 |
| AUDOBON MIDDLE | 1 | 19 |
| BELL GARDENS ELEMENTARY | 1 | 14 |
| BELMONT SENIOR HIGH | 1 | 14 |
| BETHUNE MIDDLE SCHOOL | 1 | 26 |
| BRADLEY ELEMENTARY | 1 | 7 |
| CABRILLO (JUAN RODRIGUEZ) HIGH | 1 | 10 |
| CAHUILLA DESERT ACADEMY (JR. HIGH) | 1 | 4 |
| COACHELLA VALLEY HIGH | 1 | 5 |
| CRAWFORD SENIOR HIGH | 1 | 0 |
| CROZIER (GEORGE W.) JUNIOR HIGH | 1 | 29 |
| CYPRESS ELEMENTARY | 1 | 0 |
| DAVIS MIDDLE | 1 | 19 |
| DREW (CHARLES) MIDDLE | 1 | 19 |
| EASTIN-ARCOLA ELEMENTARY | 1 | 0 |
| EDISON-BRENTWOOD ACADEMY | 1 | 36 |
| EL SERENO MIDDLE | 1 | 17 |
| ELMHURST MIDDLE | 1 | 2 |
| EMMERTON ELEMENTARY | 1 | 0 |
| ESCUELA POPULAR ACCELERATED FAMILY | 1 | 52 |
| EWING ELEMENTARY | 1 | 0 |
| FAIR OAKS ELEMENTARY | 1 | 4 |
| FLOURNOY (LOVELIA P.) ELEMENTARY | 1 | 16 |
| GAGE (HENRY T.) MIDDLE | 1 | 14 |
| GARFIELD (JAMES A.) SENIOR HIGH | 1 | 8 |
| GOMPERS SECONDARY | 1 | 2 |

| SCHOOL | API SCORE | % EMERGENCY CREDENTIALLED TEACHERS |
|---------------------------------------|-----------|--|
| GONZALES HIGH | 1 | 14 |
| GRATTS (EVELYN THURMAN) ELEM | 1 | 22 |
| HELMS MIDDLE | 1 | 4 |
| HERITAGE ELEMENTARY | 1 | 0 |
| HUNTINGTON PARK SENIOR HIGH | 1 | 13 |
| INGHRAM (HOWARD) ELEMENTARY | 1 | 12 |
| INGLEWOOD HIGH | 1 | 28 |
| KENNEDY (JOHN F.) ELEMENTARY | 1 | 2 |
| LAUDERBACH (J. CALVIN) ELEMENTARY | 1 | 7 |
| LINCOLN ELEMENTARY | 1 | 9 |
| LIONEL WILSON COLLEGE PREPARATORY | 1 | 33 |
| LOS ANGELES ACADEMY MIDDLE | 1 | 17 |
| MARTINEZ (SAUL) ELEMENTARY | 1 | 11 |
| MCKINLEY ELEMENTARY | 1 | 36 |
| MCKINLEY ELEMENTARY | 1 | 0 |
| MECCA ELEMENTARY | 1 | 3 |
| MEMORIAL ACADEMY CHARTER | 1 | 0 |
| MILLVIEW ELEMENTARY | 1 | 2 |
| MONTEZUMA ELEMENTARY | 1 | 6 |
| MORENO VALLEY HIGH | 1 | 9 |
| NYSTROM ELEMENTARY | 1 | 0 |
| OPTIONS FOR YOUTH-SAN JUAN CHARTER | 1 | 39 |
| PARK VIEW MIDDLE | 1 | 19 |
| PARMELEE AVENUE ELEMENTARY | 1 | 11 |
| ROMOLAND ELEMENTARY | 1 | 0 |
| ROOSEVELT ELEMENTARY | 1 | 3 |
| SAN FERNANDO MIDDLE | 1 | 11 |
| SAN FERNANDO SENIOR HIGH | 1 | 7 |
| SHEPPARD (HARRY R.) MIDDLE | 1 | 9 |
| SOUTH GATE MIDDLE | 1 | 14 |
| TERRA BELLA ELEMENTARY | 1 | 3 |
| WEBSTER MIDDLE | 1 | 9 |
| WEIGAND AVENUE ELEMENTARY | 1 | 11 |
| WEST ATHENS ELEMENTARY | 1 | 9 |
| WEST VERNON AVENUE ELEMENTARY | 1 | 13 |
| WILLOW ELEMENTARY | 1 | 3 |
| WILSON (WOODROW) SENIOR HIGH | 1 | 14 |
| YGNACIO VALLEY ELEMENTARY | 1 | 9 |
| ADAMS (JOHN) MIDDLE | 2 | 23 |
| AMERICAN LAKES ELEMENTARY | 2 | 0 |
| ARROYO VALLEY | 2 | 11 |
| BASSETT SENIOR HIGH | 2 | 7 |
| BELLEVUE ELEMENTARY | 2 | 0 |

| SCHOOL | API SCORE | % EMERGENCY CREDENTIALLED TEACHERS |
|-------------------------------------|-----------|--|
| CANOGA PARK ELEMENTARY | 2 | 4 |
| CARUTHERS HIGH | 2 | 19 |
| CASTLE PARK SENIOR HIGH | 2 | 3 |
| CENTRAL JUNIOR HIGH | 2 | 9 |
| CHAVEZ (CESAR) ELEMENTARY | 2 | 5 |
| COLISEUM STREET ELEMENTARY | 2 | 13 |
| CREEKSIDE ELEMENTARY | 2 | 0 |
| CURRAN MIDDLE | 2 | 0 |
| EDISON ELEMENTARY | 2 | 2 |
| ELDERBERRY ELEMENTARY | 2 | 0 |
| EMERSON MIDDLE | 2 | 4 |
| EMERY SECONDARY SCHOOL | 2 | 10 |
| EMPIRE GARDENS ELEMENTARY | 2 | 18 |
| FEDDE (PHARIS F.) MIDDLE | 2 | 0 |
| FORD BOULEVARD ELEMENTARY | 2 | 15 |
| FOSHAY LEARNING CENTER (K-12) | 2 | 17 |
| HAYWARD PROJECT ELEM | 2 | 11 |
| HOOVER STREET ELEMENTARY | 2 | 13 |
| HUBBARD (O.S.) ELEMENTARY | 2 | 0 |
| HUENEME HIGH | 2 | 1 |
| HUERTA (DOLORES) ELEMENTARY | 2 | 0 |
| JACKSON (LYDIA) ELEMENTARY | 2 | 3 |
| JOE HAMILTON ELEMENTARY | 2 | 0 |
| KAWANA ELEMENTARY | 2 | 0 |
| KRANZ (CHARLES T.) INTERMEDIATE | 2 | 7 |
| LA MERCED ELEMENTARY | 2 | 3 |
| LICK (JAMES) HIGH | 2 | 4 |
| LIVE OAK ELEMENTARY | 2 | 4 |
| MAGNOLIA AVENUE ELEMENTARY | 2 | 13 |
| MANN MIDDLE | 2 | 0 |
| MAPLE ELEMENTARY | 2 | 0 |
| MCCABE ELEMENTARY | 2 | 0 |
| MCKINLEY AVENUE ELEMENTARY | 2 | 19 |
| MICHELTORENA STREET ELEMENTARY | 2 | 9 |
| MONTEBELLO HIGH | 2 | 10 |
| MUIR (JOHN) | 2 | 0 |
| NORTHRIDGE MIDDLE | 2 | 10 |
| NORWOOD STREET ELEMENTARY | 2 | 5 |
| PACOIMA MIDDLE | 2 | 12 |
| PIO PICO ELEMENTARY | 2 | 16 |
| PLUMMER ELEMENTARY | 2 | 10 |
| PURCHE AVENUE ELEMENTARY | 2 | 8 |
| ROSELAND ELEMENTARY | 2 | 0 |
| SEVEN TREES ELEMENTARY | 2 | 0 |
| SEVENTY-FOURTH STREET ELEMENTARY | 2 | 19 |

| SCHOOL | API SCORE | % EMERGENCY CREDENTIALLED TEACHERS |
|-----------------------------------|-----------|--|
| SHIELDS (LESTER W.) ELEMENTARY | 2 | 3 |
| SIXTY-EIGHT STREET ELEMENTARY | 2 | 16 |
| SUN VALLEY MIDDLE | 2 | 21 |
| SUNKIST ELEMENTARY | 2 | 0 |
| SYLMAR ELMENTARY | 2 | 16 |
| VALLEYDALE ELEMENTARY | 2 | 0 |
| VICTORIA AVENUE ELEMENTARY | 2 | 8 |
| VINEYARD ELEMENTARY | 2 | 0 |
| WATSONVILLE HIGH | 2 | 10 |
| WILSON MIDDLE | 2 | 3 |
| ANDERSON HEIGHTS ELEMENTARY | 3 | 0 |
| AUDUBON ELEMENTARY | 3 | 0 |
| BELLFLOWER HIGH | 3 | 6 |
| BURNETT (PETER) MIDDLE | 3 | 5 |
| CARNEGIE (ANDREW) MIDDLE | 3 | 16 |
| CHALLENGE CHARTER HIGH | 3 | 0 |
| CHULA VISTA SENIOR HIGH | 3 | 4 |
| COBB (WILLIAM L.) ELEMENTARY | 3 | 7 |
| DARNALL E-CAMPUS CHARTER | 3 | 3 |
| EDISON ELEMENTARY | 3 | 2 |
| EL MONTE HIGH | 3 | 12 |
| FAIRFAX SENIOR HIGH | 3 | 8 |
| FILLMORE MIDDLE | 3 | 5 |
| FONTANA HIGH | 3 | 6 |
| GRAND TERRACE ELEMENTARY | 3 | 0 |
| HARTE (BRET) ELEMENTARY | 3 | 0 |
| HENDRICK RANCH ELEMENTARY | 3 | 4 |
| HIGHLANDS HIGH | 3 | 0 |
| HOOVER (HERBERT) MIDDLE | 3 | 9 |
| HOOVER ELEMENTARY | 3 | 6 |
| JACKSON ELEMENTARY | 3 | 0 |
| JUAREZ-LINCOLN ELEMENTARY | 3 | 31 |
| LAGUNA VISTA ELEMENTARY | 3 | 0 |
| LARSEN (ANSGAR) ELEMENTARY | 3 | 8 |
| MADERA HIGH | 3 | 6 |
| MAGEE (LAWRENCE T.) ELEMENTARY | 3 | 4 |
| MARSHALL ELEMENTARY | 3 | 7 |
| MARTINEZ (JOHN C.) ELEM | 3 | 6 |
| MIDDLETON STREET ELEMENTARY | 3 | 26 |
| MORRIS (GEORGIA) ELEM. | 3 | 8 |
| NICOLET MIDDLE | 3 | 0 |
| POMONA SENIOR HIGH | 3 | 1 |
| POWELL (W.R.) ELEMENTARY | 3 | 0 |
| RANCHITO AVENUE ELEMENTARY | 3 | 12 |
| RIALTO HIGH | 3 | 1 |
| SAN JOSE HIGH ACADEMY | 3 | 9 |

| SCHOOL | API SCORE | % EMERGENCY CREDENTIALLED TEACHERS |
|------------------------------|-----------|--|
| SAN RAFAEL ELEMENTARY | 3 | 9 |
| SCHAFER PARK ELEMENTARY | 3 | 6 |
| SIERRA VISTA MIDDLE | 3 | 9 |
| STANDARD MIDDLE | 3 | 0 |
| SUN TERRACE ELEMENTARY | 3 | 0 |
| TIERRA VISTA ELEMENTARY | 3 | 3 |
| TIPTON ELEMENTARY | 3 | 0 |
| VALENCIA ELEMENTARY | 3 | 13 |
| VAN NUYS ELEMENTARY | 3 | 8 |
| WAITE (NETTIE L.) MIDDLE | 3 | 10 |
| WASHINGTON ELEMENTARY | 3 | 6 |
| WEST HOLLYWOOD ELEMENTARY | 3 | 6 |
| WHITTIER HIGH | 3 | 4 |
| WILSON ELEMENTARY | 3 | 0 |
| WOODBURY ELEMENTARY | 3 | 12 |
| ARROYO HIGH | 4 | 6 |
| BURNETT ELEMENTARY | 4 | 4 |
| CAMPBELL MIDDLE | 4 | 2 |
| CAVE (ELMER) ELEMENTARY | 4 | 0 |
| CENTRAL ELEMENTARY | 4 | 0 |
| CHASE STREET ELEMENTARY | 4 | 8 |
| CLAIRMONT ELEMENTARY | 4 | 0 |
| DAYTON HEIGHTS ELEMENTARY | 4 | 9 |
| DOLLAND (JOHN) ELEMENTARY | 4 | 2 |
| ENCANTO ELEMENTARY | 4 | 0 |
| EUCLID ELEMENTARY | 4 | 2 |
| FRANCISCO MIDDLE | 4 | 0 |
| HARDER ELEMENTARY | 4 | 3 |
| HARRIS (RUTH O.) MIDDLE | 4 | 11 |
| HAYWARD HIGH | 4 | 8 |
| HILL (ANDREW P.) HIGH | 4 | 10 |
| LA PRESA MIDDLE | 4 | 2 |
| LATON ELEMENTARY | 4 | 19 |
| LECONTE ELEMENTARY | 4 | 0 |
| MAPLE ELEMENTARY | 4 | 0 |
| MUIR ELEMENTARY | 4 | 2 |
| NATIONAL CITY MIDDLE | 4 | 0 |
| NORTH HOLLYWOOD SENIOR HIGH | 4 | 11 |
| NORWOOD ELEMENTARY | 4 | 0 |
| OAKDALE ELEMENTARY | 4 | 0 |
| O'FARRELL COMMUNITY CHARTER | 4 | 1 |
| OPTIONS SECONDARY (ALTER.) | 4 | 0 |
| OXNARD HIGH | 4 | 1 |
| PALLA (RAFFAELLO) ELEMENTARY | 4 | 0 |
| RANDALL PEPPER ELEMENTARY | 4 | 3 |
| RIO DEL NORTE | 4 | 0 |
| RIO HONDO ELEMENTARY | 4 | 0 |

| SCHOOL | API SCORE | % EMERGENCY CREDENTIALLED TEACHERS |
|--|-----------|--|
| ROSEMEAD HIGH | 4 | 15 |
| SALK (JONES E.) ELEMENTARY | 4 | 11 |
| SAN ANTONIO ELEMENTARY | 4 | 3 |
| SANCHEZ (GEORGE I.) ELEMENTARY | 4 | 0 |
| SELBY GROVE | 4 | 10 |
| SUTTER ELEMENTARY | 4 | 4 |
| SYCAMORE HILLS ELEMENTARY | 4 | 0 |
| UKIAH HIGH SCHOOL | 4 | 1 |
| VENICE SENIOR HIGH | 4 | 6 |
| VICTOR VALLEY HIGH | 4 | 7 |
| WEBSTER ELEMENTARY | 4 | 0 |
| AMARGOSA CREEK MIDDLE | 5 | 7 |
| BARSTOW MIDDLE | 5 | 3 |
| BUENA VISTA ARTS-INTEGRATED | 5 | 0 |
| CAJON HIGH | 5 | 6 |
| CHARNOCK ROAD ELEMENTARY | 5 | 4 |
| CHATSWORTH SENIOR HIGH | 5 | 6 |
| CLAIREMONT SENIOR HIGH | 5 | 1 |
| EDGEWOOD MIDDLE | 5 | 3 |
| ESHELMAN AVENUE ELEMENTARY | 5 | 8 |
| GARDEN GROVE UNIFIED | 5 | 0 |
| HUENEME ELEMENTARY | 5 | 0 |
| KING (MARTIN LUTHER, JR) ELEMENTARY | 5 | 15 |
| MT. PLEASANT ELEMENTARY | 5 | 5 |
| RICHLAND AVENUE ELEMENTARY | 5 | 5 |
| ROLANDO PARK ELEMENTARY | 5 | 0 |
| SMALL SCHOOL FOR EQUITY | 5 | 0 |
| SULLIVAN (CHARLES L.) MIDDLE | 5 | 10 |
| TERRACE ELEMENTARY | 5 | 3 |
| WILLIAMS (CRAIG) ELEMENTARY | 5 | 5 |
| WINDMILL SPRINGS ELEMENTARY | 5 | 0 |
| WREN AVENUE ELEMENTARY | 5 | 0 |
| CANTARA STREET ELEMENTARY | 6* | 8 |
| GRIFFIN AVENUE ELEMENTARY | 6* | 8 |
| INDEPENDENCE HIGH | 6* | 8 |
| LA SIERRA HIGH | 6* | 3 |
| NOYES ELEMENTARY | 6* | 0 |
| STONEGATE ELEMENTARY | 6* | 3 |
| ANIMO INGLEWOOD CHARTER | 7* | 46 |
| HILLSIDE ELEMENTARY | 7* | 3 |
| LIFE ACADEMY | C | 0 |
| NUEVA VISTA HIGH (CONT.) | C | 50 |
| ODYSSEY CONTINUATION | C | 17 |
| PACIFIC VIEW HIGH (COM DAY) | C | 0 |

| SCHOOL | API SCORE | % EMERGENCY CREDENTIALLED TEACHERS |
|---------------------------|-----------|--|
| CALIF SCHOOL FOR THE DEAF | C | NR |
| CHAPARRAL HIGH (CONT.) | C | NR |
| DOMINGUEZ HIGH | C | NR |

* Schools were deemed eligible for having 70% of its students eligible for free or reduced cost meals.

NR = not reported

C = County/Continuation/Court School

Note: County/Continuation/Court schools are under a different accountability system, which does not rank schools on academic performance nor does it provide information on teachers with emergency credentials.

TABLE 5

**Program Participant Schools (from the list above)
Aggregated by API Decile**

| Ranking | Number of Schools (Percent of Total) |
|----------------|--------------------------------------|
| API 1 | 65 (26%) |
| API 2 | 60 (23%) |
| API 3 | 51 (20%) |
| API 4 | 43 (17%) |
| API 5 | 29 (11%) |
| County Schools | 7 (3%) |
| TOTAL | 255 (100%) |

IV. CONCLUSION

The Extra Credit Program makes a difference in the lives of California's public school staff and the quality of public education in the State's highest priority schools. As of December 31, 2005 the Committee has earmarked over \$570 million of California's scarce tax-exempt, private activity bond allocation for the Extra Credit Program to help over 2,134 qualified teachers and other credentialed school staff who commit to serve in schools ranked in the lowest five deciles based on the API, where the need for qualified, prepared professionals is greatest.

The program is well underway. Three local and statewide entities have issued a total of 283 MCCs and MRBs to eligible school staff at high priority schools throughout the State in 2005. Since the program's first allocation in September 2000, a total of 1,492 MCCs and MRBs have been issued to eligible school staff at high priority schools throughout the State.

Program administrators are well into 2006 Extra Credit Program activity. The Committee looks forward to reporting additional program progress in its next report to the Legislature.

APPENDIX

Summary of Past Program Years 2000- 2004

In 2000, the California Debt Limit Allocation Committee (“the Committee”) reserved \$50 million for the Extra Credit Teacher Home Purchase Program (Extra Credit Program), which represents four percent of the 2000 State Ceiling on Tax-Exempt Private Activity Bonds. The Committee received a total of nine applications. The applications received requested \$110 million in allocation. The Committee awarded its first allocations for the Extra Credit Program to seven local issuers of which three administer Mortgage Credit Certificate (MCC) Programs and four administer Mortgage Revenue Bond (MRB) Programs. An additional \$14 million was transferred to the program pool to meet the program’s demand.

In 2001, the Committee reserved \$100 million (5% of the 2001 State Ceiling) in tax-exempt bond allocation for the Extra Credit Program Pool, representing a \$50 million increase over 2000. The Committee allocated a total of \$100 million in tax-exempt bond authority of the Extra Credit Program to six issuers, three of which were new to the program. Of the applicants who received allocation, five were local issuers and one was a statewide issuer.

From September 2000 through December 2001, the Program helped a total of 146 program participants. Local jurisdictions and the California Housing Finance Agency (CalHFA) issued 107 below market interest rate loans and 39 MCCs.

Program participants from 2000 and 2001 are employed in 90 different schools, 39 (43%) of which had an Academic Performance Index (API) ranking of 1; 25 (28%) of which had an API ranking of 2; and 26 (29%) of which had an API ranking of 3. The percentage of emergency credentialed teachers in these schools ranges as high as 55%. The average percentage of emergency credentialed teachers in participating schools is 17.35%.

In 2002, the Committee reserved \$125 million (4.8% of the 2002 State Ceiling) in tax-exempt bond allocation for the Extra Credit Program Pool, representing a \$25 million increase over 2001. The Committee allocated a total of \$98 million in tax-exempt bond authority of the Extra Credit Program to two issuers, of which one administers a MCC Program and the other administers a MRB Program.

From January 2002 through December 2002, the Program helped a total of 275 program participants. Local jurisdictions and CalHFA issued 251 MRB loans and 24 MCCs.

Program participants from 2002 are employed in 275 different schools, 99 (36%) of which have an API ranking of 1, 85 (31%) of which have an API ranking of 2, 83 (30%) of which have an API ranking of 3, 6 (2%) of which have an API ranking of 4 and 2 (1%) of which have an API ranking of 5. The percentage of emergency credentialed teachers in these schools ranges as high as 53% and as low as 0%. The average percentage of emergency credentialed teachers in participating schools is 17.46%.

In 2003, the Committee reserved \$100 million (3.8% of the 2003 State Ceiling) in tax-exempt bond allocation for the Extra Credit Program Pool, representing a \$25 million decrease over 2002. The Committee allocated a total of \$100 million in tax-exempt bond authority of the Extra Credit Program to two issuers, of which one administers a MCC Program and the other administers a MRB Program.

From January 2003 through December 2003, the Program helped a total of 261 program participants. Local jurisdictions and California Housing Finance Agency issued 242 MRB loans and 19 MCCs.

Program participants from 2003 are employed in 235 different schools, 66 (28%) of which have an API ranking of 1; 62 (26%) of which have an API ranking of 2; 57 (24%) of which have an API ranking of 3; 27 (11%) of which have an API ranking of 4; and 23 (10%) of which have an API ranking of 5. The percentage of emergency credentialed teachers in these schools ranges as high as 64% and as low as 0%. The average percentage of emergency credentialed teachers in participating schools is 16.73%.

In 2004, the Committee reserved \$120 million (4.2% of the 2004 State Ceiling) in tax-exempt bond allocation for the Extra Credit Program Pool, representing a \$20 million increase over 2003. The Committee allocated a total of \$100 million in tax-exempt bond authority of the Extra Credit Program to the California Housing Finance Agency, which administers the statewide MRB Program.

From January 2004 through December 2004, the program helped a total of 383 program participants. Local jurisdictions and California Housing Finance Agency issued 364 MRB loans and 19 MCCs.

Program participants from 2004 are employed in 302 different schools, 87 (29%) of which have an Academic Performance Index (API) ranking of 1; 74 (24%) of which have an API ranking of 2; 55 (19%) of which have an API ranking of 3; 46 (15%) of which have an API ranking of 4; 35 (11%) of which have an API ranking of 5; and 5 (2%) of which are county continuation and alternative schools. The percentage of emergency credentialed teachers in these schools ranges as high as 76% and as low as 0%. The average percentage of emergency credentialed teachers in participating schools is 11.62%.